

STAND. COM. REP. NO.

3315

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 2370
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2370, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the current state law regarding the partial payment of taxes.

More specifically, this measure requires that a partial payment of taxes be credited in equal amounts to interest, penalties, and principal.

Your Committee received testimony in support of this measure from The Chamber of Commerce of Hawaii. Your Committee received testimony in opposition to this measure from the Department of Taxation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that, under current state law, moneys received by the Department of Taxation for the partial payment of a tax are applied first to interest, then to penalties, and then finally to principal. Your Committee also finds that allowing taxpayers to repay their tax-debt principal before penalties and interest would make it easier for them to repay their entire debt. Your Committee believes that this measure will reduce taxpayers' tax burden by enabling them to repay their taxes in a timelier manner, while also ensuring that all principal and penalties



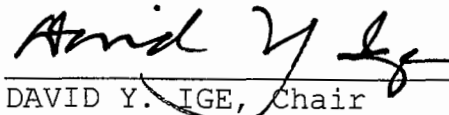
properly due to the State would still be paid in full by taxpayers along with any applicable interest.

Your Committee has amended this measure by:

- (1) Requiring that a partial payment of taxes be credited first to principal, then to interest, and then to penalties; and
- (2) Inserting a savings clause to clarify that the amendments contained in the measure will apply prospectively.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2370, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2370, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 2370 HD1</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">4-2-14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
13	0	0	0	0
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.2em; font-family: cursive; margin-left: 20px;">Michelle N. Kidani</div>				
Distribution: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes